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FM AMEMBASSY BEIJING
TO RUEHC/SECSTATE WASHDC PRIORITY 0469
INFO RUEHOO/CHINA POSTS COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 003948

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DEPT FOR EAP/CM, H PLEASE PASS TO SENATOR HAGEL'S OFFICE

E.O. 12958: DECL: 10/16/2033
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SUBJECT: NPC VICE CHAIR CHEN ZHILI MEETS WITH SENATOR HAGEL
ON TAIWAN ARMS SALE, TIBET, DPRK, ECONOMY

Classified By: Political Minister Counselor
Aubrey Carlson. Reasons 1.4 (b) and (d).

Summary

11. (C) National People's Congress Standing Committee Vice Chairperson Chen Zhili told Senator Chuck Hagel October 13 that China hopes Congress will act to cancel the recently-announced U.S. arms sale to Taiwan. The Chinese people see a contradiction between PRC efforts to help the United States overcome the current financial crisis and the arms sale, Chen said, and the United States and China should stand together to overcome the crisis. Chen said the door to dialogue remains open to the Dalai Lama, but he represents an obstacle to progress who is implicated in the March riots in Tibet and the violence surrounding the torch relay. Chen also offered thoughts on Georgia, the Six-Party talks, U.S.-China relations and the Central Committee's Third Plenum. END SUMMARY.

Taiwan Arms Sale

12. (C) In an October 13 meeting with Senator Chuck Hagel (R-NE), National People's Congress Standing Committee Vice Chairperson Chen Zhili said she was "very concerned" by the recently-announced U.S. arms sale to Taiwan. The sale has "hurt the feelings of 1.3 billion Chinese people," and Chen hopes Congress will exert its influence to cancel the deal and uphold the one China policy. In responding to Senator Hagel's comment that the sales are not new and are in keeping with the Taiwan Relations Act (TRA), Chen said that though the policies are old, they are "not correct." "You have been moving on the wrong track for a long time," she said. Chen commented that personally she finds it "strange" that "on the one hand the U.S. sells arms to Taiwan, while on the other, China is joining hands with the United States in the financial crisis." Chen said that average Chinese see a contradiction between the two issues. Chen also noted recent positive developments in cross-Strait relations and now is "not a good time" for the arms sale.

Economic Crisis

13. (C) Chen stressed the need for U.S.-China coordination given the "great changes" financial systems are undergoing. Chen said that just as "two ships might tie themselves together to weather rough waves," the United States and China should stand together to overcome the current crisis. Chen was pleased that the United States decided to "take measures to lessen the size" of the crisis and looks forward to their successful implementation. China is "willing to work with international mechanisms" to resolve the crisis, but it will take time and will impact people's lives all over the world, including in China. China will work hard to ensure its domestic economy enjoys steady growth, which will be good not

only for the Chinese people but also for the world economy.

Tibet

14. (C) Chen said she is also "very concerned" about the Tibet issue and hopes the U.S. administration and Congress will "consider this issue." Tibet is "not a human rights, religious or democracy issue" but a "separatist" one related to China's national interests. Chen said that the channel for dialogue with the Dalai Lama is always open provided he agrees to the "three noes": not engaging in separatist activities or violence, and not supporting the Tibetan Youth Congress. Chen stressed the importance in particular of the prohibition against separatist activities. The Dalai Lama is the "obstacle" to the resolution of the issue, not China, said Chen. As "evidence" of the Dalai Lama's "violent activities," Chen pointed to the March 14 riots in Lhasa and the violence surrounding the torch relay. Chen said that she presumes that if riots similar to the ones Lhasa experienced in March occurred in Hawaii, the United States would respond "even more promptly."

Six-Party Talks

15. (C) Asked about China's view of the status of the Six-Party Talks, Chen said that "China sticks to its position that all sides should continue dialogue." China is pleased to see the recent progress on the issue, said Chen.

South Ossetia

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16. (C) Asked about the situation in Georgia, Chen referred Senator Hagel to President Hu Jintao's statements on South Ossetia, adding that China supports a peaceful solution to the issue and will not support South Ossetia independence.

Bilateral Relations

17. (C) The stable development of U.S.-China bilateral relations is conducive to the world as a whole and Chinese and U.S. leaders attach great importance to the development of bilateral ties, Chen said. Whatever the outcome of the upcoming U.S. Presidential election, she hopes that Senator Hagel will encourage the new administration to attach great importance to the development of ties with China.

Third Plenum

18. (C) The Third Plenum of the Chinese Communist Party 17th Central Committee recently concluded and released a communique that shows that China attaches great importance to agriculture, Chen reported. The meetings included a review the status of rural reforms in China, an agreement on the importance of further reform and a list of tasks to be completed by 2020.

19. (U) Senator Hagel's delegation has cleared this message.
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